

Message Text

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PAGE 01 PARIS 19992 011650Z

61

ACTION EUR-12

INFO OCT-01 ISO-00 NEA-10 CIAE-00 DODE-00 PM-03 H-02

INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15

USIA-06 AID-05 COME-00 EB-07 FRB-03 TRSE-00 XMB-02

OPIC-03 CIEP-01 LAB-04 SIL-01 OMB-01 /095 W

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R 011635Z AUG 75

FM AMEMBASSY PARIS

TO SECSTATE WASHDC 1870

C O N F I D E N T I A L PARIS 19992

PASS TREASURY AND FEDERAL RESERVE

E.O. 11652: GDS

TAGS: EFIN, FR

SUBJECT: FINANCIAL ASPECTS OF FRANCO-SAUDI TALKS

1. MINISTRY OF FINANCE SOURCES INDICATE THAT SAUDI
LOAN OF 8 BILLION FRANCS UNDER DISCUSSION BUT NOT CON-
CLUDED. DETAILS NOT EXPECTED TO BE DECIDED UNTIL
SEPTEMBER OR OCTOBER. LOAN IS NOT RELATED TO PROJECTS,
SPECIFICALLY NOT TO ARMAMENTS OR ARMS FACTORIES,
ACCORDING TO THESE SOURCES.

2. MINISTRY OF FINANCE SOURCES STATED GOF WOULD NOT BE
INTERESTED IN LOAN UNLESS RATES AND CONDITIONS MORE
FAVORABLE THAN EUROCURRENCY BORROWINGS WHICH ARE
ALWAYS AVAILABLE FOR STATE-OWNED ENTERPRISES IN ANY
CASE. (FRANCE HAS YET TO DRAW ON 1.5 BILLION FRANC
EUROCURRENCY LOAN NEGOTIATED LAST YEAR.)

3. MINISTRY OF FINANCE FORESEES NEED TO FINANCE
ABOUT 5 BILLION FRANC OVERALL EXTERNAL PAYMENTS DEFICIT
IN 1975 AND IF SAUDI BORROWING MATERIALIZES AND OTHER
BORROWINGS EXCEED EXTERNAL ACCOUNT FINANCING REQUIRE-
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PAGE 02 PARIS 19992 011650Z

MENTS, THE MOF WOULD FAVOR PREPAYMENT OF SHORTER-TERM

OBLIGATIONS. THUS, MOF MAY VIEW SAUDI LOAN PARTLY AS
A MEANS TO IMPROVE OVERALL TERM OF EXTERNAL BORROWINGS
OUTSTANDING. USE OF FUNDS NOT DECIDED, BUT MINISTER
FOURCADE HAS PUBLICLY INDICATED EXPENDITURES TO IM-
PROVE TELEPHONE SYSTEM AS ONE POSSIBILITY.
GAMMON

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NNN

Message Attributes

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Draft Date: 01 AUG 1975
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Disposition Authority: RowellE0
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